GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:11
ANSWERED ON:10.08.2007
`MOBILISATION OF FUNDS FROM ABROAD BY COMPANIES`
Agarwal Shri Dhirendra;Singh Deo Smt. Sangeeta Kumari

Will the Minister of FINANCE be pleased to state:

(a) the details of legal provisions regarding the mobilisation of funds by companies from abroad;

(b) whether some Indian companies have mobilised funds from abroad;

(c) if so, the details thereof company-wise, during each of the last three years;

(d) Whether the statutory provisions in this regard are strictly complied with by such companies;

(e) If not, the details thereof during the last three years; and

(f) The steps taken by the Union Government thereon?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (f): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 11 BY SHRIMATI SANGEETA KUMARI SINGH DEO AND DR. DHIRENDRA AGARWAL TO BE ANSWERED IN LOK SABHA ON 10-08-2007 REGARDING `MOBILISATION OF FUNDS FROM ABROAD BY COMPANIES`

(a) The extant legal provisions regarding mobilisation of funds by companies from abroad are laid down under Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder. These are:

(i) Equity through Foreign Direct Investment (FDI) in accordance with the guidelines / policies thereon issued by Government of India from time to time and notified under FEMA.

(ii) Global Depository Receipts (GDRs) and American Depository Receipts (ADRs): This is covered under the `Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipts Mechanism) Scheme, 1993`.

(iii) Debt through External Commercial Borrowings (ECBs and Foreign Currency Convertible Bonds (FCCBs)): This is covered under extant ECB policy as prescribed by RBI vide its Master Circular No. 02/2007-08 dated 02` July, 2007. In addition to above, FCCBs are also required to follow the ADR / GDR Scheme.

(b) Yes Sir.

(c) As per information provided by the Reserve Bank of India (RBI), the amounts mobilised by Indian companies from abroad through the above sources during the last three years are given below:

(US$ Million)

Year	ECBs/FCCBs	ADRs/ GDRs	FDI
2004-05	9084	613	6051
2005-06	14547	2552	7722
2006-07	20639	3776	19531

The information relating to amounts mobilised by each company is voluminous. However, the company wise data on ECBs / FCCBs is published by RBI on its website at wwwrbLorgJn. FDI approvals / inflows are published in monthly SIA`s News letter of Department of Industrial Policy & Promotion which is also available at their website -www.dippiniciini Data in respect of oompony wise ADRs/GDRs` raised in the respective financial years is under compilation and would be provided to the Honourable Member shortly.

(d) to (f): The primary responsibility to ensure that funds raised through ECBs/FCCBs, ADR/GDRs and FDI are in conformity with the policy and guidelines and the Reserve Bank regulations / directions / circulars` thereon, is that of the company concerned. Cases of violations that have come to the notice of authorities are dealt with under the relevant provisions of FEMA.